

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

MIKRAE E. PRESTON,

CASE NO. 2:24-cv-01589-LK

Plaintiff,

ORDER ON PRESTON'S MOTION FOR RECONSIDERATION

SB&C, LTD aka SKAGIT BONDED
COLLECTOR, L.L.C.,

Defendant.

This matter comes before the Court on Plaintiff Mikrae Preston’s motion for reconsideration of the Court’s order on Defendant SB&C Ltd.’s motion to dismiss. Dkt. No. 30. The motion is granted in part and denied in part. It is granted insofar as the Court reconsiders and clarifies the status of Preston’s dismissed claims (i.e., whether they are dismissed with or without prejudice), and is denied in all other respects.

I. BACKGROUND

On May 12, 2025, the Court issued its order granting in part and deferring in part SB&C's motion to dismiss, and granting its alternative motion to certify a question to the Washington

1 Supreme Court. Dkt. No. 28. In its order, the Court dismissed “[a]ll of Preston’s claims other than
2 those based on Section 70.170.060(8)(a)’s notice requirement” and deferred ruling on “the portion
3 of Preston’s claims involving Section 70.170.060(8)(a),” which it certified to the Washington
4 Supreme Court. *Id.* at 22. The Court also granted SB&C’s request to stay proceedings pending the
5 Washington Supreme Court’s decision on the certified question. *Id.* at 21–22. The Court stated
6 that it would “address whether Preston will be granted leave to amend her complaint after it rules
7 on the deferred portion of SB&C’s motion to dismiss.” *Id.* at 23.

8 On May 27, 2025, Preston moved for reconsideration, arguing (1) that the Court erred in
9 dismissing her failure-to-screen claims, and (2) that the Court should not have dismissed her claims
10 with prejudice and instead should have given leave to amend. Dkt. No. 30 at 1–2. As explained
11 below, the Court disagrees that it erred in dismissing the failure-to-screen claims and clarifies that
12 only the failure-to-screen claims are dismissed with prejudice. Preston’s remaining claims are
13 dismissed without prejudice.

14 II. DISCUSSION

15 A. Legal Standard

16 Under this District’s Local Civil Rules, “[m]otions for reconsideration are disfavored,” and
17 “[t]he court will ordinarily deny such motions in the absence of a showing of manifest error in the
18 prior ruling or a showing of new facts or legal authority which could not have been brought to its
19 attention earlier with reasonable diligence.” Local Civil Rule 7(h)(1). “[A] motion for
20 reconsideration should not be granted, absent highly unusual circumstances, unless the district
21 court is presented with newly discovered evidence, committed clear error, or if there is an
22 intervening change in the controlling law.” *Marlyn Nutraceuticals, Inc. v. Mucos Pharma GmbH & Co.*, 571 F.3d 873, 880 (9th Cir. 2009) (citation omitted). “A motion for reconsideration is not

1 intended to provide litigants with a second bite at the apple.” *Stevens v. Pierce Cnty.*, No. C22-
 2 5862 BHS, 2023 WL 6807204, at *2 (W.D. Wash. Oct. 16, 2023).

3 **B. Preston Has Not Shown That the Court Erred in Dismissing Her Failure-to-Screen
 4 Claims**

5 Preston argues that the Court erred by dismissing her failure-to-screen claims because it
 6 overlooked the principle that, under assignment law, “an assignee has no more rights than its
 7 assignor.” Dkt. No. 30 at 2 (capitalizations removed). As applied here, Preston appears to argue
 8 that SB&C (as assignee) inherited both the medical debt *and* the limitation from Section
 9 70.170.060(10)(c) of the Revised Code of Washington that prevented the hospital from collecting
 10 that medical debt prior to screening. *See id.* at 2–3. In other words, she asserts that because the
 11 hospital could not legally collect her medical debt, SB&C is similarly barred. *Id.* at 4.

12 But this misapplies assignment law and overextends the scope of the statutory screening
 13 requirement. First, as the Court pointed out in its prior order, Preston’s argument would disrupt
 14 several statutory schemes. The legislature decided to include a requirement that *hospitals* refrain
 15 from collecting medical debt before screening for Charity Care eligibility, Wash. Rev. Code §
 16 70.170.060(10)(c); if it wanted to extend that requirement to debt collection agencies, it could have
 17 added a similar limitation to the Collection Agency Act, Wash. Rev. Code § 19.16. *et seq.*, which
 18 governs how collection agencies such as SB&C collect medical debt. Preston’s argument
 19 simultaneously reads a new requirement into the Collection Agency Act and expands the scope of
 20 the Charity Care Act beyond hospitals.

21 More fundamentally, however, Preston’s argument does not put the assignor and assignee
 22 on equal footing vis-à-vis the debt. Preston argues that the limitation on collecting medical debt
 23 from Section 70.170.060(10)(c) transfers from the hospital to SB&C after the debt is assigned. But
 24 that limitation is inseparable from the underlying screening obligation, which is hospital-specific

1 and non-transferable. If SB&C does not inherit the underlying duty to screen—and even *Fairway*
2 makes clear that it does not—then SB&C cannot be bound by a limitation that depends on that
3 duty. *Fairway Collections, LLC v. Turner*, 540 P.3d 805, 816 (Wash. Ct. App. 2023) (“[T]he
4 obligation to screen for charity care applies to Arbor Health, not Fairway”). Preston’s argument
5 creates an illogical scenario in which SB&C is restricted from collecting medical debt assigned to
6 it but has no obligation (or means) to perform the screening that would lift the restriction. Thus,
7 Preston’s scenario does not put the assignor and assignee on equal footing—rather, SB&C would
8 have *fewer* rights than the hospital would, because it would be saddled with a limitation that it
9 could not lift, without the ability to perform a hospital-specific function that it is neither legally
10 obligated nor equipped to undertake.

11 The case Preston discusses—*Puget Sound National Bank v. State of Washington*
12 *Department of Revenue*—does not compel a different result. In that case, a bank purchased retail
13 installment contracts from car dealers. 868 P.2d 127, 128–29 (Wash. 1994). These contracts were
14 subject to a sales tax paid by the dealer at the time of sale. *Id.* at 129. Under state law, dealers were
15 permitted to seek a refund of part of the sales tax if the contracts resulted in a financial loss. *Id.* at
16 129. The question was whether the bank, as the assignee of the contracts, could claim this refund,
17 even though the statute only allowed refunds for entities that “make sales at retail” (which the
18 dealer did, but the bank did not). *Id.* at 130. The Washington Supreme Court held that the bank
19 could seek the refund because the right to a tax refund was directly linked to the installment
20 contracts, so the bank inherited the dealer’s ability to claim it. *Id.* at 132–33.

21 *Puget Sound* involved a straightforward transfer of a contractual right, the purpose of which
22 was to put the assignor and the assignee on the same footing. Preston’s argument flips *Puget*
23 *Sound*’s logic—which expanded, not limited, the assignee’s rights—and puts SB&C in a *worse*
24 position than the hospital by restricting its ability to collect medical debt based on a duty to screen

1 patients that it cannot practically or legally fulfil under the statutory scheme. *Puget Sound* does
 2 not require that this Court greenlight such an expansive change to the existing statutory framework,
 3 particularly when that change is unsupported by the statutory text or existing case law.

4 **C. Preston's Argument That the Court Accepted SB&C's Factual Allegations is Wrong**

5 Next, Preston argues that the Court erroneously considered SB&C's factual allegations
 6 with respect to Preston's Section 19.16.250(29) claim without converting the motion to dismiss
 7 into one for summary judgment. Dkt. No. 30 at 6–7. That is not an accurate characterization of the
 8 Court's order; it did not accept or consider "SB&C's unsupported allegation in its Motion (Dkt. #
 9 13 at 14) as to when the first written notice was sent to Ms. Preston." Dkt. No. 30 at 7. Instead, the
 10 Court found that Preston failed to plead a claim based on SB&C's failure to include the required
 11 Charity Care statement in its "first written notice" because she did not provide any "supporting
 12 factual allegations regarding when she received that notice and why the notice was insufficient
 13 under Section 19.16.250(29)." Dkt. No. 28 at 15. In other words, the claim failed because Preston's
 14 allegations were threadbare and conclusory. *See id.* (noting that "[t]he complaint does not contain
 15 the words 'first written notice'"); *Smith & Wesson Brands, Inc. v. Estados Unidos Mexicanos*, 145
 16 S. Ct. 1556, 1567 (2025) ("[W]e cannot take the allegation here at face value, because [the
 17 plaintiff] has not said enough to make it plausible."); *Ashcroft v. Iqbal*, 556 U.S. 662, 679 (2009)
 18 ("While legal conclusions can provide the framework of a complaint, they must be supported by
 19 factual allegations.").

20 **D. The Court Clarifies its Ruling on the Status of Preston's Dismissed Claims**

21 Preston also argues that this Court erred by dismissing all claims other than the Section
 22 70.170.060(8)(a) claim (on which it deferred) with prejudice. Dkt. No. 30 at 5. Preston also argues
 23 that she should have been given leave to amend her claims. *Id.*

24 As the Court has already stated, it will address leave to amend "after it rules on the deferred

portion of SB&C's motion to dismiss." Dkt. No. 28 at 23. Until then, the case is stayed and it would make little sense to address amendment in piecemeal fashion. As for Preston's claim that the Court erred by dismissing all non-deferred claims with prejudice, the Court did not actually specify whether its dismissal was with prejudice. It does so now.

Preston's claims based on Sections 19.16.260(2) and 19.16.250(29) of the Revised Code of Washington are dismissed without prejudice. As Preston notes, the Court dismissed those two claims primarily due to issues with the sufficiency of the allegations. Dkt. No. 30 at 5–6 (citing Dkt. No. 28 at 14–17). Because the defects with those claims are potentially curable, the Court's dismissal is without prejudice. *See City of Oakland, Cal. v. Hotels.com LP*, 572 F.3d 958, 962 (9th Cir. 2009), *as amended* (Aug. 20, 2009). The same is not true for the failure-to-screen claims. For the reasons explained above and in the Court's prior order, those claims are based on a theory that is not legally viable, and no amendment could cure that deficiency. Those claims are therefore appropriately dismissed with prejudice. *City of Oakland, Cal.*, 572 F.3d at 962.

III. CONCLUSION

For the reasons explained above, the Court GRANTS IN PART AND DENIES IN PART Preston's motion for reconsideration. Dkt. No. 30.

Dated this 24th day of June, 2025.



Lauren King
United States District Judge